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April 23, 1997

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: CC Docket No. 96-45  
Federal-State Joint Board on Universal Service

Dear Sir:

Enclosed please find an Original and ten (10) copies of the informal Comments of the State of Tennessee in the above-referenced matter.

In pertinent part, the Comments demonstrate that, in order to achieve the full benefits of telecommunications services for education, the Commission should recognize, and clearly confirm and reflect, the following basic precepts in any rule implementing Universal Access for schools and libraries:

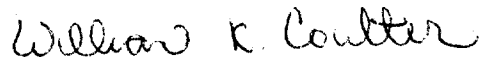
- Maximum flexibility should be left to States to purchase, through mixed-consortia and other avenues, the services and facilities they determine will best meet their local and regional educational needs.
- Universal Service to schools, and least-cost state accounting evaluations, should include not only connections, but also a minimum access time per student.
- Incentives and encouragement should be given to state-wide networks, which offer savings to the Universal Service Fund, meaningful amounts of per student access time, and broad levels of technical plan expertise.

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- Pre-discount rates on a state-wide basis offer unique advantages, particularly to rural and poverty schools in most need of assistance and such advantages should be reflected in any funding review process.
- States with networks must be able to aggregate their administrative costs and poverty indices for the purpose of determining their network discount rates where it can be demonstrated that all students have full and equal access and that it is most efficient on both an individual school and a state-wide basis; and
- A "State-Model," in addition to a "Local Model," should be included in any rule to reflect its advantages and cost opportunities. Without such a model, many schools, particularly those without adequate technical resources, may fail to give this effective and efficient approach adequate consideration.

In accordance with Section 1.1200 of the Commission's Rules, these Comments reflect an oral ex parte presentation in a non-restricted proceeding made by the representative of the State's Department of Education to a member of the Commission's Office of General Counsel.

Respectfully submitted,



William K. Coulter

WKC/sc  
Enclosure

cc: - Comments of the State of Tennessee with Service List  
- Commission Contractor  
International Transcription Services  
2100 M Street, N.W., Room 140  
Washington, D.C. 20037  
- James L. Rubin, Esq.

Before the  
Federal Communications Commission

In the Matter of the:	)	
	)	
Recommended Decision of the	)	
Federal-State Joint Board	)	Common Carrier
on Universal Service	)	Docket No. 96-45

Comments  
of the  
State of Tennessee

The State of Tennessee ("Tennessee"), acting by and through its Department and Commissioner of Education, herein requests that the Commission, in implementing Section 254 of the Telecommunications Act of 1996 ("the Act"), and in establishing rules and regulations designed to enhance the access of "elementary and secondary schools and libraries to advanced telecommunication and information services," (See Act, Section 254(h)), give due consideration to the following Comments of Tennessee.

1. In a Recommended Decision (the "Decision") (FCC 96J-3) released on November 8, 1996, in the above-referenced Docket, the Federal-State Joint Board ("Board"), convened by the Commission on the recommendation of Congress in the Act, recommended, inter alia, that all eligible schools and libraries receive discounts of between 20 and 90 percent on all of their telecommunications services, Internet access and internal connections, such discounts to be supported by the Universal Service Fund and subject to a \$2.5 billion annual cap. In reaching this recommendation, the Board

concluded that such a broad approach would "provide schools and libraries with the maximum flexibility to purchase the package of services they believe will meet their communications needs most effectively." (Decision at para. 9). Tennessee fully supports the Board's conclusion that any rules should be flexible enough, and should permit, critical decisions on services to be made on the state educational level. To insure that the Board recommendation can be implemented effectively and efficiently, and to the advantage of schools and libraries, Tennessee also requests the following clarifications in any forthcoming Commission rules.

#### Universal Service for Education

2. As noted above, Tennessee fully supports the Board's recommendation that schools be permitted "to purchase whatever package of telecommunications services they believe will meet their telecommunications needs most effectively and efficiently" (Decision at para. 458). In this regard, it also supports the concept that the services available should not be limited to "core" telecommunications services (Id. at para. 459). As we understand the Board's recommendations, access services entitled to support would include, but not necessarily be limited to, routers, hubs and network file services (Id. at para. 477), internal wiring (Id. at 473), ISDN service and T-1 lines (Id. at 479), internal connections (Id. at para. 467), routine maintenance and upkeep (Id. at para. 474), dedicated data and leased lines (whether leased or owned) (Id. at paras. 463 and 475), and other parts of dedicated networks, wire or wireless. The importance of this

understanding to Tennessee can be seen most vividly in its approach to universal telecommunications access.

3. Tennessee believes that it is important that every child has, at a minimum, graphics and text Internet access to the world's libraries, data bases and museums. Tennessee also believes, however, that access alone is not enough! Rather, a minimum amount of access time per student also is required. Thus, in Tennessee, Universal Service is achieved not simply after a school or a library is connected to the Internet, but only after each of its students can be provided with a minimum amount of time, for example two (2) hours per week, for access to learning materials on the Internet.

4. Tennessee is committed to this concept of basic Universal Service for education for all of its 900,000 students and 50,000 teachers! The concept is critical to an understanding of how the necessary services are most effectively and efficiently obtained in Tennessee, and in those other states with similar objectives.

#### State Networks for Education

5. As evidence of its commitment to Universal Service, Tennessee has just completed a State-wide Network that connects its libraries and its 1,562 schools with text and graphics on a full-time basis with a design that will permit up to three hours per student, per week of Internet access. The impact this Network has had, and is having, on instruction is phenomenal.

6. If individual Tennessee schools, or school districts, had selected single dial-up lines (i.e., had pursued a simple school "connection" rather than universal student

"access"), then the basic educational need would not have been met in Tennessee; the instructional results would not have been as significant; and thus the use of funds would not have been as efficient and effective. While additional dial-up lines could have been added, the expense for meaningful comparable student access would have been excessive.

7. As a comparison, consider a school of 500 students. If each student is to have two hours of Internet access per week, then assuming 35 school hours are available for instruction per week, approximately 30 internal computer connections are required. This annual connection cost at competitive prices is \$14,600 in Tennessee, including discounted telephone lines (\$15.00 per month in Tennessee), modems and Internet access. This represents a cost of \$34.00 per student per year. The State Network alternative, which has been put in place in Tennessee, represents a cost of only \$13.00 per student, including all connection equipment, internal wiring, telecom lines, maintenance and Internet access. This reduced cost is achieved through a well developed and managed technical plan, a comprehensive network strategy and economies of scale. Its cost would not be possible on an individual school basis or on a dial-up basis. But, most importantly, without a State Network most rural and poverty schools could not achieve adequate access. This would be true even under the proposed Universal Service plan, due to co-payment, technical plan and administrative requirements.

8. For 50 million students, if all could participate in a Tennessee-like State Network, and if a Tennessee-like state-wide rate structure could be implemented, the Universal Service Fund would be sufficient to permit every student to have two hours of

Internet access per week! The State Network, with its pre-discount rate structure, is very compelling for its educational value, its cost savings and its service to rural and poverty schools. Without this approach, the Universal fund will be insufficient. This will translate to inadequate, not universal, coverage.

Table of Tennessee Comparisons\*

<u>Annual Cost</u>	<u>Regular Dial-Up Rates</u>	<u>Ed. State Rates</u>	<u>State-Network With Ed. Rates</u>
Per Student	\$64.00	\$34.00	\$13.00
All State Students	\$57.6 million	\$30.6 million	\$11.7 million
All U.S. Students	\$3.2 billion	\$1.7 billion	\$650 million

\* Three-Year Amortization of Capital Costs

Where State Networks and rates are in place, or available to local schools and school districts, the Commission can insure that their inherent advantages are achieved, both by the schools and by the Fund, through deferring to state certification prior to any funding. Where State rates and networks are not available, other forms of insurance of efficient and effective access may be warranted.

9. In addition to these cost savings, a State Network approach can insure that local schools, which do not have the technical and management expertise to address new technologies can draw upon the state-wide expertise. Attention to technical design, installation and management of a network can be the difference between success and failure. It also can be the difference between sufficient student access now, and such access years from now. And, in educational terms, a delay in teaching is tantamount to a failure to educate because of the limited educational window of opportunity. In brief, a state certification can insure maximum coordination of efforts, that all schools receive

service equally, that least-cost opportunities have been explored and that there has been an efficient and effective use of funds.

10. Accordingly, we strongly urge the Commission to place appropriate incentives in place which will insure schools and libraries explore and use large-use State Networks to the maximum extent feasible. Such Networks are significantly less expensive and provide the maximum student access time. Further, states that have such Networks in place should not be penalized by forthcoming rules either in terms of access to the Fund on behalf of their local schools or in terms of available funds. In this regard, the Commission may, for example, wish to process requests in some order of efficiency or effectiveness, or to give greater priority or discounts to efficient State Networks as caps are approached. Such priority would represent the "most efficient and effective use" of such funds (Id. at para. 549).

#### State Pre-Discount Rates and Competitive Contracts

11. In order to insure that the maximum amount is available from the Fund for education, further consideration needs to be directed to the establishment of the "pre-discount price." (Id. at para. 494). The pre-discount price should be set not only at the "lowest competitive rate secured by a beneficiary institution" (Id. at para. 494), but also at "the lowest competitive allowed rate on a state-wide basis."

12. In Tennessee, education has greatly benefitted by a public service commission which "balanced" all intrastate rates and allowed a \$15.00 rate for regular service and a \$30.00 rate for ISDN. The ISDN rate provided Tennessee schools with a



unique ability for an efficient state-wide network to all schools. In rural and poverty areas, the balanced educational rate is of paramount importance.

13. The Commission may wish to allow larger discounts where the pre-discount rate is the lowest as certified by the State, not the district or the locality, and provide a mechanism for challenges in instances where the pool of available funds is diminished by high rates and less than efficient requests, particularly as the Fund becomes depleted. In this regard, only the State, as the entity ultimately responsible for education, has the ability to certify on behalf of its schools and public service commissions that state-wide educational rates and networks have been considered for all its schools.

14. Tennessee fully supports the Board's recommendation in favor of permitting the maximum aggregation of demand. This is evident in its State Network. However, greater opportunities for access to low cost network facilities need to be explored. For example, current contractual restrictions on the use by schools of internal networks of electric utilities may need to be reviewed for compatibility with the public interest and incentives may need to be explored for greater access to such private networks. Restrictions on private networks may prevent aggregation and least-cost routings.

15. Finally, Tennessee fully supports the Board's recommendation that states permit and address the issue of "mixed consortia." (Id. at para. 590). The Tennessee State Network can achieve significant new economies with colleges, universities, educational broadcasters, community-free nets and municipalities, all joining to secure yet lower pre-discount rates and greater allocations of shared-costs. (Id. at para. 594).

Allowing states to maintain careful records of allocation and to certify can itself reduce costs. Any rules which place unnecessary administrative burdens on joint use should be judiciously avoided.

### Conclusion

16. In order to achieve the full benefits of telecommunications services, the Commission should recognize, and clearly confirm and reflect, the following basic precepts in any rule implementing Universal Access for schools and libraries:

- Maximum flexibility should be left to States to purchase, through mixed-consortia and other avenues, the services and facilities they determine will best meet their local and regional educational needs.
- Universal Service to schools, and least-cost state accounting evaluations, should include not only connections, but also a minimum access time per student.
- Incentives and encouragement should be given to state-wide networks, which offer savings to the Universal Service Fund, meaningful amounts of per student access time, and broad levels of technical plan expertise.
- Pre-discount rates on a state-wide basis offer unique advantages, particularly to rural and poverty schools in most need of assistance. Such rate structures should be reflected in any funding review process.
- States with networks must be able to aggregate their administrative costs and poverty indices for the purpose of determining their network discount

rates where it can be demonstrated that all students have full and equal access and that it is most efficient on both an individual school and a state-wide basis.

- A "State-Model," in addition to a "Local Model," should be included in any rule to reflect its advantages and cost opportunities. Without such a model, many schools, particularly those without adequate technical resources, may fail to give this effective and efficient approach adequate consideration.

Respectfully submitted,

State of Tennessee  
Department of Education

Date: 4/23/97

By: 

is: Commissioner of Education

Enclosures



## STATE OF TENNESSEE

**DON SUNDQUIST**  
GOVERNOR

April 23, 1997

The Honorable Albert Gore  
Vice President of the United States  
Old Executive Office Building  
Washington, D.C. 20510

Dear Mr. Vice President:

Under the Telecommunications Act of 1996, the U.S. Federal Communications Commission, acting in cooperation with the Federal-State Joint Board on Universal Service, will be meeting during the first week of May to establish rules on, among other matters, how best to provide and to administer universal service for schools and libraries. This matter, and thus the Commission's rules, are of critical importance to Tennessee. It is for this reason we are seeking your support.

It is of critical importance to Tennessee, and to those other states which have demonstrated their early and strong commitment to providing universal service for education to all students, that the Commission explicitly recognize in any forthcoming rule the inherent advantages to state-wide facility and state-wide rate networks and the need to encourage such networks through both administrative and cost incentives. Only through such networks will the universal service fund be sufficient to meet the telecommunications requirements of the Act and of students.

State-wide networks have been shown to reduce universal service funding requirements by as much as 500 percent, while dramatically increasing student access time to informational and educational services. In addition, they have been shown to be the most efficient and effective manner to bring low-income and poverty schools into this technology. Single dial-up lines will not be cost-effective and efficient for the vast majority of the 50 million students in the United States.

If universal service is to become a reality for all, then access to universal funds should include a requirement for flexibility in the administration of state-wide networks and that requestors clearly demonstrate, through some type of state certification process, that this avenue has been considered at the highest level. Without such a process it will be impossible to insure the maximum aggregation of demand, the most optimum use of poverty funds, the least cost of facilities, and the most efficient use of limited universal fund resources.

The Honorable Albert Gore

April 23, 1997

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Tennessee is proud of its commitment to education and is anxious to work with the Commission and the Congress in addressing this important issue.

Sincerely,

A handwritten signature in black ink, appearing to be "Dan Sundquist", written over the printed name.

Enclosure: Comments of the State of Tennessee on the Use of Universal  
Access Funds for Education

HAROLD E. FORD, JR.  
9TH DISTRICT, TENNESSEE

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4209**

April 16, 1997

The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, NW  
Washington, D.C. 20554

Dear Mr. Chairman:

As the Federal Communications Commission continues its consideration of the Federal-State Joint Board on Universal Service recommendations (CC Docket #96-45), we are writing to ask that you consider the following recommendations of the State of Tennessee.

The State of Tennessee has demonstrated its commitment to providing basic universal service for education for all its students by completing a statewide network connecting each of its public libraries and its 1,562 schools with text and graphics to the Internet. Connecting students to the world's libraries, museums and academic databases, in addition to connecting schools together, is a critical distinction because it implies funding must be wisely used in a manner that permits every student to have access to the Internet several hours per week.

The State also requests explicit language permitting and encouraging state or large area jurisdictions to provide a network to meet the goal of basic universal service for education. The ability to negotiate national rates is more likely to occur with larger economies of scale in statewide or large area jurisdiction strategies. In addition, the Federal Communications Commission should include incentives in the Universal Service Fund to encourage networks. Networks are less expensive, provide greater student access and will assure that the fund will be sufficient for all students in the United States.

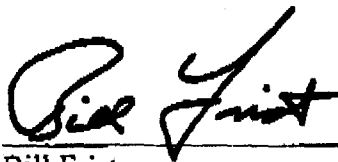
With respect to rate structure, the State of Tennessee's Public Service Commission balanced all of the intrastate rates and allowed a \$15 regular rate for voice lines and a \$30 rate for ISDN lines. As a result, dial-up access to the Internet by some schools in the State occurred as early as 1991. But to reach every student, the State had to have in place, a network with the lowest rate available. The State requests that the Federal Communications Commission explicitly state in its

The Honorable Reed Hundt  
April 16, 1997  
Page 2

rulemaking, that if states fail to achieve the lowest possible rate for educational access, the FCC will revisit the inclusion of contributing intrastate funds to the basic Universal Service Fund for Education.

Tennessee is ahead of the curve in providing Internet technology to all its schools. We strongly believe that the FCC should include provisions for states, like Tennessee, who have already committed resources to this effort, to ensure they will benefit from the federal government's efforts to provide inexpensive and efficient Internet access to all students.

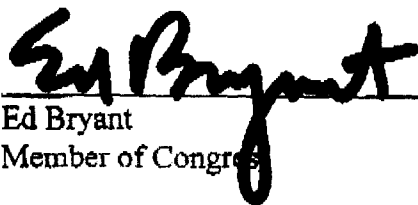
Sincerely,



Bill Frist  
United States Senator



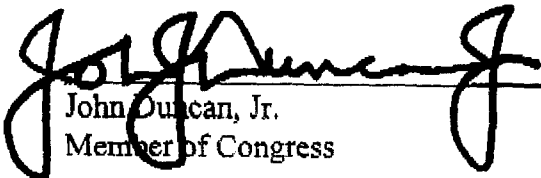
Fred Thompson  
United States Senator



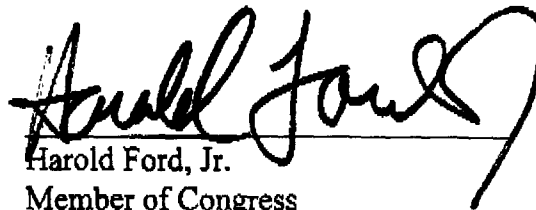
Ed Bryant  
Member of Congress



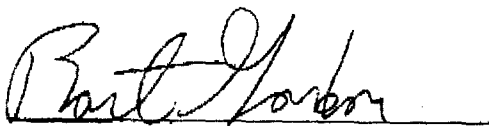
Bob Clement  
Member of Congress



John Duncan, Jr.  
Member of Congress



Harold Ford, Jr.  
Member of Congress

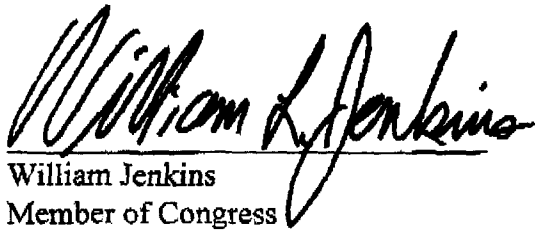


Bart Gordon  
Member of Congress

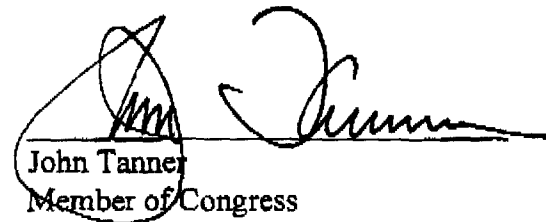


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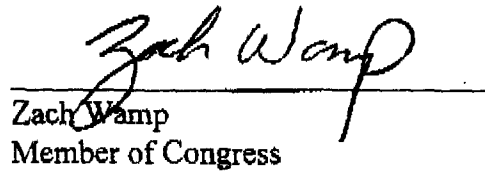
The Honorable Reed Hundt  
April 16, 1997  
Page 3



William Jenkins  
Member of Congress



John Tanner  
Member of Congress



Zach Wamp  
Member of Congress

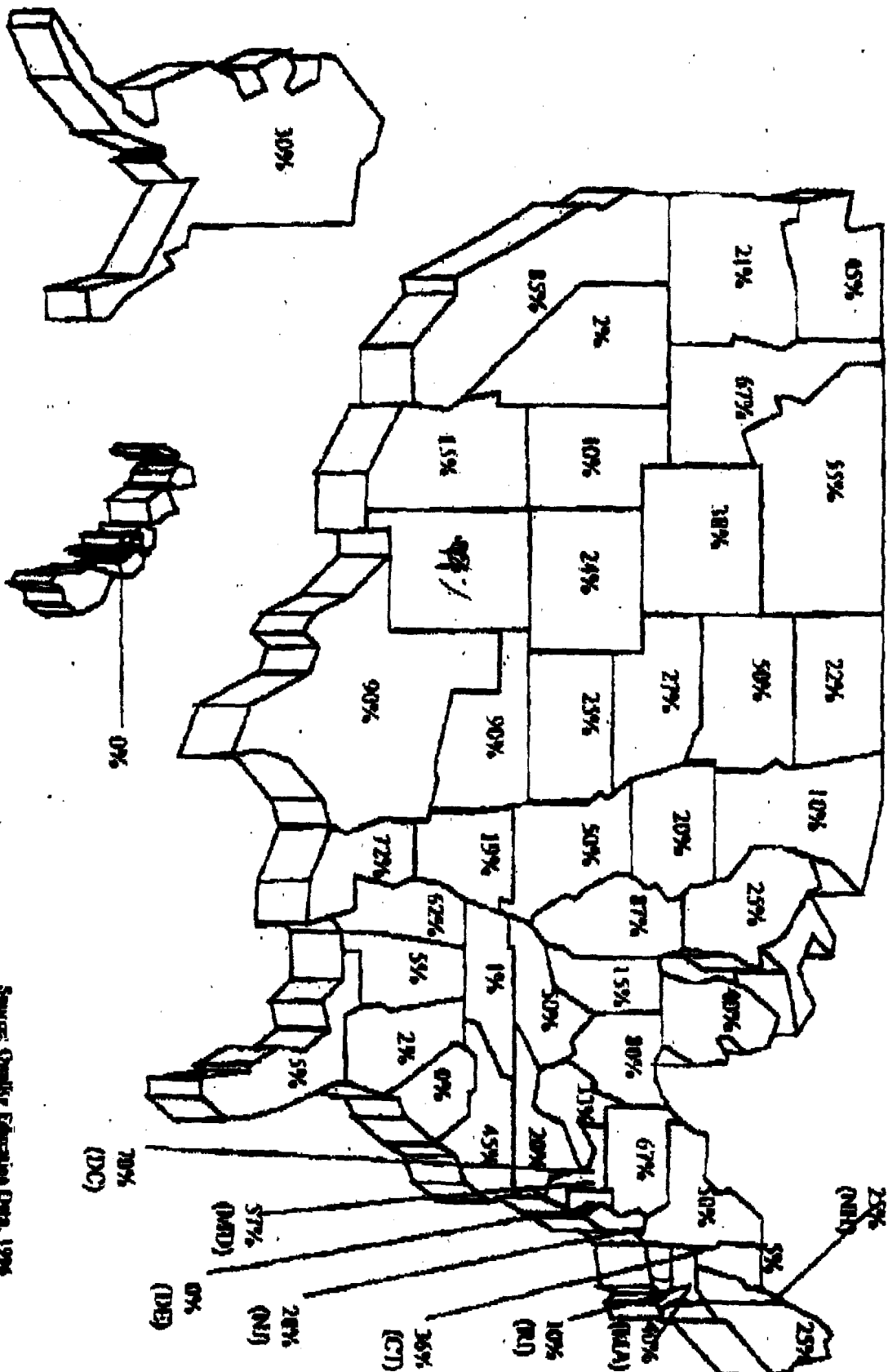


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## National Overview: Percentage of Schools Without Online Access

Note: School access does not equate classroom access. School access, in many cases, is a connection in the library or in the principal's office.



Source: Quality Education Data, 1996

## SERVICE LIST

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